

Workforce Development Appropriations Bill Senate File 2324

Last Action:

FINAL ACTION

March 29, 2012

An Act making appropriations to the department of workforce development for certain purposes and including effective date and retroactive applicability provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www.legis.iowa.gov/LSAReports/noba.aspx>
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FUNDING SUMMARY

- Senate File 2324 appropriates a total of \$15.9 million from the General Fund and authorizes 235.1 FTE positions to the Iowa Department of Workforce Development (IWD) for FY 2012. This is a decrease of \$822,000 and 4.4 FTE positions compared to actual FY 2011. The Act also appropriates \$5.5 million from other funds for FY 2012, a decrease of \$1.9 million compared to actual FY 2011. General Fund and other fund appropriations are no change compared to estimated FY 2012. There is an increase of 22.7 FTE positions compared to estimated FY 2012 to match the authorized FTE positions.

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DETAIL: In the recent Iowa Supreme Court decision of *Homan v. Branstad*, the State Supreme Court invalidated certain provisions of SF 517 (FY 2012-2013 Economic Development Appropriations Act). The earliest that this invalidation can take effect is April 6, 2012.

STUDIES AND INTENT LANGUAGE

- **Legislative Intent:** States that the General Fund appropriation for Field Offices is contingent on IWD operating the same number of Workforce Development Centers and Satellite Offices that existed November 1, 2011, for the remainder of FY 2012.
- **Nonreversion:** Requires nonreversion of specified General Fund appropriations to the IWD.

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EFFECTIVE AND ENACTMENT DATES

Effective Date

- This Act applies retroactively to July 1, 2011.

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Enactment Date

- This Act was approved by the General Assembly on March 29, 2012, and signed by the Governor on April 4, 2012.

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1 5 Section 1. LEGISLATIVE FINDINGS. It is the finding of the
 1 6 general assembly that the recent Iowa supreme court decision of
 1 7 Homan v.Branstad, No.11-2022, March 16, 2012, has invalidated
 1 8 the proper enactment of certain provisions contained in the
 1 9 2011 Iowa Acts, chapter 130 (Senate File 517). It is the
 1 10 intent of the general assembly to reenact, as amended, certain
 1 11 invalidated provisions of Senate File 517 that were published
 1 12 in the 2011 Iowa Acts and to validate expenditures made by the
 1 13 department of workforce development and actions entered into
 1 14 in reliance on the enactment of the invalidated provisions
 1 15 published in the 2011 Iowa Acts.

1 16 Sec. 2. DEPARTMENT OF WORKFORCE DEVELOPMENT. There
 1 17 is appropriated from the general fund of the state to the
 1 18 department of workforce development for the fiscal year
 1 19 beginning July 1, 2011, and ending June 30, 2012, the following
 1 20 amounts, or so much thereof as is necessary, for the purposes
 1 21 designated:

1 22 1. DIVISION OF LABOR SERVICES

1 23 a. For the division of labor services, including salaries,
 1 24 support, maintenance, miscellaneous purposes, and for not more
 2 1 than the following full-time equivalent positions:

2 2	.....	\$	3,495,440
2 3	..... FTEs		64.00

General Fund appropriation to the Division of Labor Services of the Iowa Department of Workforce Development (IWD).

DETAIL: This is a general increase of \$355,688 and an increase of 3.74 FTE positions compared to actual FY 2011. The increase for the FTE positions is to adjust the FTE positions to the authorized FY 2011 amount.

2 4 b. From the contractor registration fees, the division of
 2 5 labor services shall reimburse the department of inspections
 2 6 and appeals for all costs associated with hearings under
 2 7 chapter 91C, relating to contractor registration.

Requires the Division of Labor Services to reimburse the Employment Appeals Board in the Department of Inspections and Appeals for the costs associated with hearings related to contractor registration from contractor registration fees.

2 8 2. DIVISION OF WORKERS' COMPENSATION

2 9 a. For the division of workers' compensation, including
 2 10 salaries, support, maintenance, miscellaneous purposes, and for
 2 11 not more than the following full-time equivalent positions:

2 12	.....	\$	2,949,044
2 13	..... FTEs		30.00

General Fund appropriation to the Division of Workers' Compensation of the IWD.

DETAIL: This is a general increase of \$537,245 and 4.71 FTE position compared to actual FY 2011. The increases include the following:

- An increase of \$471,000 to replace an FY 2011 appropriation of \$471,000 to the Division from the Special Employment Security Contingency Fund.
- An increase of \$66,245 to reduce the delay for Workers' Compensation cases.
- An additional 4.71 FTE positions to adjust the FTE positions to

the FY 2011 authorized amount.

NOTE: Total FY 2012 funding is \$2,949,044 from the General Fund.

NOTE: Total FY 2011 funding is \$2,882,799 from the following funds:

- \$2,411,799 General Fund
- \$471,000 Penalty and Interest (P & I) Fund

2 14 b. The division of workers' compensation shall charge a
2 15 \$100 filing fee for workers' compensation cases. The filing
2 16 fee shall be paid by the petitioner of a claim. However, the
2 17 fee can be taxed as a cost and paid by the losing party, except
2 18 in cases where it would impose an undue hardship or be unjust
2 19 under the circumstances. The moneys generated by the filing
2 20 fee allowed under this subsection are appropriated to the
2 21 department of workforce development to be used for purposes of
2 22 administering the division of workers' compensation.

Requires the Workers' Compensation Division to continue to charge a \$100 filing fee for workers' compensation cases. Permits the losing party to be taxed for the fee, unless it would impose an undue hardship or be unjust. Appropriates the fees collected to the IWD to be used for the administration of the Workers' Compensation Division.

2 23 3. WORKFORCE DEVELOPMENT OPERATIONS

2 24 a. For the operation of field offices, the workforce
2 25 development board, and for not more than the following
2 26 full-time equivalent positions:
2 27 \$ 8,671,352
2 28 FTEs 130.00

General Fund appropriation to the IWD for the operation of Field Offices and the Workforce Development Board. Authorizes Workforce Development Fund FTE positions.

DETAIL: This is a general decrease of \$1,655,288 and 13.66 FTE positions compared to actual FY 2011.

2 29 The moneys appropriated in this paragraph are contingent
2 30 upon the condition that the workforce development centers and
2 31 satellite offices, other than those centers maintained by
2 32 electronic means, which were open and fully operational on
2 33 November 1, 2011, shall remain open and operational through
2 34 June 30, 2012.

Makes the appropriation contingent on the continued operation of Workforce Development Centers and Satellite Offices that were open on November 1, 2011, through the remainder of FY 2012.

2 35 b. Of the moneys appropriated in paragraph "a" of this
2 36 subsection, the department shall allocate \$1,130,602 for the
2 37 operation of satellite field offices in Decorah, Fort Madison,
2 38 Iowa City, and Webster City.

Requires the allocation of \$1,130,602 for the operation of Satellite Offices located in Decorah, Fort Madison, Iowa City, and Webster City.

DETAIL: This is a new allocation.

NOTE: Total FY 2012 Field Office available funding is \$14,126,696 from the following funds:

- \$8,671,352 General Fund (must also support Workforce Development Board)
- \$1,217,084 Special Contingency Fund (see Section 3)
- \$4,238,260 Reserve Fund Interest (see Section 4)

NOTE: The total actual FY 2011 expenditures of \$15,195,059 (authorized \$17,489,067) were from the General Fund, Special Contingency Fund, and Reserve Fund Interest.

2 39 4. OFFENDER REENTRY PROGRAM

2 40 a. For the development and administration of an offender
2 41 reentry program to provide offenders with employment skills,
2 42 and for not more than the following full-time equivalent
2 43 positions:

3 1	.....	\$	284,464
3 2	.....	FTEs	3.00

3 3 b. The department shall partner with the department of
3 4 corrections to provide staff within the correctional facilities
3 5 to improve offenders' abilities to find and retain productive
3 6 employment.

3 7 5. NONREVERSION

3 8 Notwithstanding section 8.33, moneys appropriated in this
3 9 section that remain unencumbered or unobligated at the close of
3 10 the fiscal year shall not revert but shall remain available for
3 11 expenditure for the purposes designated until the close of the
3 12 succeeding fiscal year.

3 13 Sec. 3. EMPLOYMENT SECURITY CONTINGENCY FUND.

3 14 1. There is appropriated from the special employment
3 15 security contingency fund to the department of workforce
3 16 development for the fiscal year beginning July 1, 2011, and
3 17 ending June 30, 2012, the following amount, or so much thereof
3 18 as is necessary, to be used for field offices:

3 19	\$	1,217,084
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3 20 2. Any remaining additional penalty and interest revenue
3 21 collected by the department of workforce development is
3 22 appropriated to the department for the fiscal year beginning
3 23 July 1, 2011, and ending June 30, 2012, to accomplish the
3 24 mission of the department.

3 25 Sec. 4. UNEMPLOYMENT COMPENSATION RESERVE FUND — FIELD

3 26 OFFICES. Notwithstanding section 96.9, subsection 8, paragraph
3 27 "e", there is appropriated from interest earned on the
3 28 unemployment compensation reserve fund to the department of
3 29 workforce development for the fiscal year beginning July 1,
3 30 2011, and ending June 30, 2012, the following amount or so much

General Fund appropriation to the IWD for the Offender Reentry Program.

DETAIL: This is a general decrease of \$18,157 and an increase of 0.04 FTE position compared to actual FY 2011.

Requires the IWD to partner with the Department of Corrections to improve offenders' abilities to find and retain employment.

Requires nonreversion of funds appropriated to the IWD for the following:

- Division of Labor Services.
- Division of Workers' Compensation.
- Workforce Development Operations for Field Offices and the Workforce Development Board.
- Offender Reentry Program.

Special Employment Security Contingency (also known as the Penalty and Interest or P & I) Fund appropriation to the IWD for operation of the Field Offices.

DETAIL: This is an increase of \$857,084 compared to actual FY 2011.

Allows any remaining additional penalty and interest revenues to be used as needed by the IWD.

Unemployment Compensation Reserve Fund interest appropriation to the IWD for operation of the Field Offices.

DETAIL: This is a decrease of \$2,261,740 compared to actual FY 2011.

3 31 thereof as is necessary, for the purposes designated:
 3 32 For the operation of field offices:
 3 33 \$ 4,238,260

NOTE: This Act makes a General Fund appropriation in Section 2.3, and an Employment Security Contingency Fund Fund appropriation in Section 3, to support Field Offices.

3 34 Sec. 5. GENERAL FUND — EMPLOYEE MISCLASSIFICATION
 3 35 PROGRAM. There is appropriated from the general fund of the
 3 36 state to the department of workforce development for the fiscal
 3 37 year beginning July 1, 2011, and ending June 30, 2012, the
 3 38 following amount, or so much thereof as is necessary, to be
 3 39 used for the purposes designated:
 3 40 For enhancing efforts to investigate employers that
 3 41 misclassify workers and for not more than the following
 3 42 full-time equivalent positions:
 3 43 \$ 451,458
 4 1 FTEs 8.10

General Fund appropriation to the IWD for investigation of employers that misclassify workers.

DETAIL: This is a general decrease of \$28,816 in General Fund support and an increase 0.79 FTE position compared to actual FY 2011.

4 2 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies
 4 3 retroactively to July 1, 2011.

This Act applies retroactively to July 1, 2011.

4 4 Sec. 7. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
 4 5 immediate importance, takes effect upon enactment.

This Act is effective on enactment.

Summary Data

General Fund

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
Economic Development	\$ 16,673,797	\$ 15,851,758	\$ -15,851,758	\$ 15,851,758	\$ -822,039	\$ 7,925,879	\$ -7,925,879	\$ 0
Grand Total	\$ 16,673,797	\$ 15,851,758	\$ -15,851,758	\$ 15,851,758	\$ -822,039	\$ 7,925,879	\$ -7,925,879	\$ 0

Economic Development

General Fund

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
<u>Iowa Workforce Development</u>								
Iowa Workforce Development								
Labor Services Division	\$ 3,139,752	\$ 3,495,440	\$ -3,495,440	\$ 3,495,440	\$ 355,688	\$ 1,747,720	\$ -1,747,720	\$ 0
Workers' Compensation Division	2,411,799	2,949,044	-2,949,044	2,949,044	537,245	1,474,522	-1,474,522	0
Operations - Field Offices	10,326,640	8,671,352	-8,671,352	8,671,352	-1,655,288	4,335,676	-4,335,676	0
Offender Reentry Program	302,621	284,464	-284,464	284,464	-18,157	142,232	-142,232	0
Employee Misclassification Program	480,274	451,458	-451,458	451,458	-28,816	225,729	-225,729	0
Security Employee Training Program	12,711	0	0	0	-12,711	0	0	0
Total Iowa Workforce Development	\$ 16,673,797	\$ 15,851,758	\$ -15,851,758	\$ 15,851,758	\$ -822,039	\$ 7,925,879	\$ -7,925,879	\$ 0
Total Economic Development	\$ 16,673,797	\$ 15,851,758	\$ -15,851,758	\$ 15,851,758	\$ -822,039	\$ 7,925,879	\$ -7,925,879	\$ 0

Summary Data

Other Fund

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
Economic Development	\$ 7,331,000	\$ 5,455,344	\$ -5,455,344	\$ 5,455,344	\$ -1,875,656	\$ 1,808,542	\$ -1,808,542	\$ 0
Grand Total	\$ 7,331,000	\$ 5,455,344	\$ -5,455,344	\$ 5,455,344	\$ -1,875,656	\$ 1,808,542	\$ -1,808,542	\$ 0

Economic Development

Other Fund

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
<u>Iowa Workforce Development</u>								
Iowa Workforce Development								
Field Offices - Spec Cont Fund	\$ 360,000	\$ 1,217,084	\$ -1,217,084	\$ 1,217,084	\$ 857,084	\$ 608,542	\$ -608,542	\$ 0
Field Offices - UI Reserve Interest	6,500,000	4,238,260	-4,238,260	4,238,260	-2,261,740	1,200,000	-1,200,000	0
Workers' Comp Div - Spec Cont Fund	471,000	0	0	0	-471,000	0	0	0
Total Iowa Workforce Development	\$ 7,331,000	\$ 5,455,344	\$ -5,455,344	\$ 5,455,344	\$ -1,875,656	\$ 1,808,542	\$ -1,808,542	\$ 0
Total Economic Development	\$ 7,331,000	\$ 5,455,344	\$ -5,455,344	\$ 5,455,344	\$ -1,875,656	\$ 1,808,542	\$ -1,808,542	\$ 0

Summary Data

FTE

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
Economic Development	239.47	212.37	-212.37	235.10	-4.37	235.10	-235.10	0.00
Grand Total	<u>239.47</u>	<u>212.37</u>	<u>-212.37</u>	<u>235.10</u>	<u>-4.37</u>	<u>235.10</u>	<u>-235.10</u>	<u>0.00</u>

Economic Development

FTE

	Actual FY 2011 (1)	Estimated FY 2012 (2)	Sup Crt Decision FY 2012 (3)	Supp-Final Act. FY 2012 (4)	FY 2012 v. FY 2011 (5)	Enacted FY 2013 (6)	Sup Crt Decision FY 2013 (7)	Revised Enacted FY 2013 (8)
<u>Iowa Workforce Development</u>								
Iowa Workforce Development								
Labor Services Division	60.26	60.88	-60.88	64.00	3.74	64.00	-64.00	0.00
Workers' Compensation Division	25.29	26.00	-26.00	30.00	4.71	30.00	-30.00	0.00
Field Office Operating Fund	143.66	115.49	-115.49	130.00	-13.66	130.00	-130.00	0.00
Offender Reentry Program	2.96	3.00	-3.00	3.00	0.04	3.00	-3.00	0.00
Employee Misclassification Program	7.31	7.00	-7.00	8.10	0.79	8.10	-8.10	0.00
Total Iowa Workforce Development	239.47	212.37	-212.37	235.10	-4.37	235.10	-235.10	0.00
Total Economic Development	239.47	212.37	-212.37	235.10	-4.37	235.10	-235.10	0.00